Saskatchewan Milk Control Board

Update

Volume 15 No. 7, January 15, 2009

QUOTA EXCHANGE

The seventh Quota Exchange for the 2008-2009 dairy year was conducted on January 15, 2009. The market-clearing price established for the Unused Quota Exchange was **$54.00**. There was no Used Quota Exchange. The results of the January 2009 Quota Exchange are outlined in the following Tables. The next monthly Quota Exchange for the 2008-2009 dairy year will be held on February 17, 2009. All offers to sell and bids to purchase quota through the Quota Exchange must be received at the Board office by midnight, February 6, 2009. The Board recommends that offers and bids be submitted well in advance of the deadline date to ensure adequate time for corrections, if necessary.

Just a reminder to producers that when making bids on the Quota Exchange, the price on offers to sell quota is the minimum price that the producer is prepared to accept for that quota. Only if the market-clearing price is equal to or greater than the producer's minimum price will that producer qualify for participation in the Exchange. Conversely, the price on offers to purchase quota is the maximum price that the producer is prepared to pay for that quota. **Only if the market-clearing price is equal to or less than the producer's maximum price will that producer qualify for participation in the Exchange.** The clearing price is set at the price where the smallest difference exists between the accumulated volume offered for sale and the accumulated volume bid to purchase.

UNUSED QUOTA EXCHANGE (per kilogram of butterfat)

Market Clearing Price per kilogram of butterfat	**$54.00**
Kilograms offered to Purchase	**1,625**
Kilograms offered to Sell	**10,238**
Kilograms sold	**625**
Number of Producers	
- offered to purchase	**3**
- purchased quota	**2**
- offered to sell	**6**
- sold quota	**2**

UNUSED QUOTA EXCHANGE

Price ($/kg b.f.)	No. of Sellers	Cumulative Sellers	Kgs b.f. offered for sale	Cumulative sales	Cumulative Sales less Cumulative purchases	Cumulative purchases	Kgs b.f. offered to purchase	Cumulative Buyers	No. of buyers
45.00	1	1	250	250	-1,375	1,625	0	3	0
50.50	0	1	0	250	-1,375	1,625	1,000	3	1
54.00	**1**	**2**	**1,500**	**1,750**	**1,125**	**625**	**0**	**2**	**0**
58.00	1	3	1,200	2,950	2,325	625	0	2	0
60.00	1	4	3,000	5,950	5,325	625	625	2	2
62.50	1	5	3,288	9,238	9,238	0	0	0	0
70.00	1	6	1,000	10,238	10,238	0	0	0	0

USED QUOTA EXCHANGE (per kilogram of butterfat)

Market Clearing Price per kilogram of butterfat	$-------
Kilograms offered to Purchase	-------
Kilograms offered to Sell	10,900
Kilograms sold	-------
Number of Producers	-------
- offered to purchase	0
- purchased quota	0
- offered to sell	3
- sold quota	0

USED QUOTA EXCHANGE

Price ($/kg b.f.)	No. of Sellers	Cumulative Sellers	Kgs b.f. offered for sale	Cumulative sales	Cumulative Sales less Cumulative purchases	Cumulative purchases	Kgs b.f. offered to purchase	Cumulative Buyers	No. of buyers
53.00	1	1	3,000	3,000	3,000	0	0	0	0
55.00	1	2	1,100	4,100	4,100	0	0	0	0
60.00	1	3	6,800	10,900	10,900	0	0	0	0

WEIGHTED AVERAGE COMPONENT TESTS & PRICES December 2008

Components	Average Test	Price per kilogram Class 1 to 5
Butterfat	3.8401	$11.402559
Protein	3.3804	$ 8.402559
Other Solids	5.6884	$ 1.248323

Based on the average component tests for the province, the average price received was $79.2915 per hectolitre. **The average butterfat price received per kilogram was $20.65.** Over quota (4m) holdings are $1,978,405.73 for the first five months of the 2008-2009 dairy year.

SASKATCHEWAN MILK POOL RESULTS December 2008

Milk Sale Revenue	$ 15,202,193.54
Western Milk Pool	$ 740,015.71
Dairy Farmers of Canada Skim Off	$ -19,057.34
Plant of Last Resort Service	$ -57,426.40
Total Pool Value	**$ 15,865,725.51**

UNALLOCATED TOTAL PRODUCTION QUOTA PENDING FOR August 1, 2009 IS ESTIMATED AT -0.02%

Unallocated Total Production Quota Pending is the quota change being projected for the beginning of the new dairy year. This is the result of *pro-rata* quota allocations to producers during the current dairy year.

Butterfat production for December 2008 totalled **768,423 kilograms**. This was an increase of **0.91%** over December 2007 production. In December, Saskatchewan had a monthly CDC allocation of **770,025 kgs** of butterfat. For December, Saskatchewan is **(1,649 kgs)** of butterfat under and cumulatively under by **(47,071 kgs)** of butterfat. On a percentage basis, Saskatchewan is at **-0.54%** within our CDC allocation flexibility limits based on the Continuous Quota model.

	(1) Monthly Total Production Kgs bf	(2) Total Monthly CDC Quota Allocation Kgs bf	(3) Monthly Over or (Under) Production Kgs bf col. 1 – 2 = 3	(4) Lower Flexibility Limit **(1.5%)** Kgs bf col. 9 * -1.5%	(5) Upper Flexibility Limit **0.5%** Kgs bf col. 9 * 0.5%	(6) Cumulative Over or (Under) Production with limits Kgs bf	(7) Cumulative Over or (Under) Production with limits in % col. 6 / 9	(8) Over Quota or (Lost Production Opportunity) Kgs bf	(9) Rolling 12 Month Total Quota Kgs bf
Aug-08	714,566	711,593	2,973	(130,546)	43,515	**2,973**	**0.03%**	-	8,703,088
Sep-08	702,656	712,733	(10,077)	(130,901)	43,634	**(7,104)**	**(0.08%)**	-	8,726,753
Oct-08	731,710	765,419	(33,709)	(130,809)	43,603	**(40,814)**	**(0.47%)**	-	8,720,621
Nov-08	725,592	730,200	(4,608)	(130,756)	43,585	**(45,421)**	**(0.52%)**	-	8,717,065
Dec-08	768,375	770,025	(1,649)	(130,900)	43,633	**(47,071)**	**(0.54%)**	-	8,726,661

(1) Monthly Production in Saskatchewan
(2) Total Monthly Quota = Class 1 sales + Monthly MSQ + Carry Forward
(3) Difference between the monthly production (1) and the total monthly quota (2)
(4) The Lower Flexibility Limit is -1.5% of Rolling 12 Month Total Quota (9)
(5) The Upper Flexibility Limit is 0.5% of Rolling 12 Month Total Quota (9)
(6) Previous Month Cumulative Over or (Under) Production + Current Monthly Over or (Under) Production (capped at lower or upper limit if applicable)
(7) Equal to Column (6) expressed as a percentage basis within the flexibility limits
(8) Over Quota or (Lost production opportunity) outside of flexibility limits
(9) Total Monthly CDC Quota Allocation for the previous 12 months

ACCOUNTING VALUES FOR CLASSES OF MILK January 2009

	Butterfat ($/kg)	**($ per hl. Skim milk)**	
Class 1a	$5.3000	$66.29	
Class 1b	$5.3000	$66.29	
Class 1c	$5.3000	$54.30	
	Butterfat ($/kg)	**Protein ($/kg)**	**Other Solids ($/kg)**
Class 2	$7.4482	$5.5744	$5.5744
Class 3a	$7.4482	$13.0375	$0.8684
Class 3b	$7.4482	$12.7848	$0.8524
Class 4a, 4b, 4d & 4d(i)	$7.4482	$5.1760	$5.1760
Class 4a(i)	$7.4482	$2.8000	$2.8000
Class 4c	**As approved by the Board**		
Class 4m	$0.00	$0.00	$0.00
Class 5a	$4.7648	$7.9492	$0.0001
Class 5b	$4.7648	$1.8686	$1.8686
Class 5c	$3.3655	$1.6691	$1.6691
Class 5d	**As determined by**	**the CDC**	

INCREASE IN SUPPORT PRICES FOR SKIM MILK POWDER AND BUTTER, AND FLUID MILK PRICE INCREASE, ON FEBRUARY 1, 2009

On December 3, 2008, the Canadian Dairy Commission (CDC) announced an increase in support prices for butter and skim milk powder (Classes 2-4), effective February 1, 2009. According to a CDC news release, "*this increase in support prices should translate into a revenue increase of 1%*". This price increase will be applied to industrial milk classes which include products such as cheese, yogurt, butter, and skim milk powder. The price increase was based on lagging producer revenues due to increased feed, fuel, and fertilizer costs.

Fluid milk prices will also increase effective February 1, 2009. The fluid milk price is set according to a formula agreed to by the four western provinces, and takes into account producer cash costs plus interest, consumer price index, and the ability of consumers to pay for milk. Based on this formula, the increase in fluid milk prices should translate into a revenue increase of 2.13%.

Producers will see the impact of the above price changes beginning on the March 13, 2009 milk payment.

PRODUCER MEETINGS – APRIL 2 – 8, 2009

The Board and Dairy Farmers of Saskatchewan will once again hold the next session of producer meetings as a joint effort. A detailed agenda will be provided in the March, 2009 Newsletter. Please mark your calendars and plan to attend. The schedule of meetings is as follows:

DATE	TIME	DISTRICT	LOCATION
Thursday, April 2	9:30 a.m.	Swift Current	F.O.A. Eagles 1910 S Service Rd. W Swift Current
Friday, April 3	9:30 a.m.	Yorkton	St. Mary's Parish, Ukrainian Catholic Cultural Centre, 240 Wellington St Yorkton
Monday, April 6	9:30 a.m.	Odessa	Odessa Hall
Tuesday, April 7	9:00 a.m.	Saskatoon	Hilton Garden Inn 90-22nd Street East Saskatoon
Wednesday, April 8	9:30 a.m.	Melfort	Travelodge 101 Spruce Haven Rd Melfort

2009 WESTERN CANADIAN DAIRY SEMINAR

The 27th Western Canadian Dairy Seminar entitled Forging Ahead Through Challenging Times will be held March 10 – 13, 2009 in Red Deer, Alberta. Highlights of the seminar will include sessions about The Business of Dairying; Dairy Policy Home and Abroad; Animal Health and Productivity; Nutrition and Feeding; Calves to Cows; Housing and Cow Welfare and Focus on Forage. Early registration date is February 10, 2009. The conference coordinator is Joanne Morrison and she can be reached by phone at (780) 492-3236 or email wcds@ales.ualberta.ca A brochure with conference details is enclosed.

QUOTA MANAGEMENT TABLE

Please find enclosed your quota management results for December, 2008. This Table indicates the percentage of each producer's quota allocation utilized as well as the kilograms of butterfat produced by these shipments.

There are lines numbered 1 through 7 on the top portion of your quota management sheet which show adjustments to your quota for the 2008-2009 dairy year. Enclosed with your quota management sheet is an explanation of how these adjustments will affect what you are required to produce for mid-year (January 31st) and year-end (July 31st) to achieve 97%. If you have any questions, please contact our office.

QUOTA LISTING SERVICE

The Board offers a free quota listing service as part of its Newsletter. Anyone wishing to sell or purchase quota and/or cows, miscellaneous dairy equipment, or swap quota is welcome to contact the Board office at (306) 787-5319. All prices and negotiations will be independent of the Milk Control Board.

Swap in Quota

- Sunnydale Colony would like to swap in quota. Contact Joe or Johnny at (306) 237-4812 Ext. 245 or cell (780) 870-7952.

- Smiley Colony would like to swap in quota. Call (306) 838-2048 Ext. 246.

Swap out Quota

- Jim Gorrill would like to swap out unused quota. Contact him at (306) 725-4828.

Quota &/or Cows for Sale

- For sale – 10 milk cows. Phone Chad (306) 598-2054

- Quota for sale. Approximately 32,000 kilograms. Contact Dan Hazell @ Glenacre Holsteins. Phone (306) 224-4850. Fax (306) 224-4909.

- Cows and quota for sale. Contact Ferch Farms at (306) 736-2205.

- Cows and quota (approximately 40,000 kilograms). Please contact Ken Schmidt @ (306) 374-8980

- Quota for sale – contact Fred or Anne Monchuk at (306) 365-4750.

- Bred heifers for sale – contact Danny at Box Elder Colony – (403) 502-9997

- For sale: 2 year old Reg Holstein Bull. Sire is Comestar L'Heros and the Dam is a VG Rudolph with 5 Lact. Avg 253-273-271 BCA 1 Superior lact, 2nd Dam is EX 2E 6* Chief Mark, 4 Lact Avg 234-275-225 BCA 2 Superior lact. This Bull is backed by 8 generations of VG or EX. He is a proven breeder and he has an excellent disposition. Contact Lloyd Sawatzky, Saskatoon, SK. Phone (306) 239-4818. Cell (306) 281-2247.

- For sale: 18 Reg Holstein heifers due March – June 2009. Contact Lloyd Sawatzky, Saskatoon, SK Phone (306) 239-4818. Cell (306) 281-2247.

Miscellaneous For Sale

- Dairy Equipment for Sale: 1 18" x 10' belt conveyor; 6 Waikato milk meters; 6 Delaval milk machines with vacuum pulsators; Delaval vacuum pump with 7.5 hp motor. Contact Lloyd Sawatzky, Saskatoon, SK Phone (306) 239-4818. Cell (306) 281-2247.

- Alfa-laval Accublend 285 Mixer; Agri-Metal 542 feedcart; Renn 10hp Roller mill; Conveyors, 2-14 ft x 18 inch, 1-42 ft x 18 inch; 2 – 6 inch electric augers, 10 & 14ft; Harvestore, Goliath and Hercules unloaders; Mueller 1000 gallon milk tank; Alamo 100 vacuum pump; Surge Eclipse milking units and retractors. Contact: Leonard Blocka (306) 764-8439 or cell (306) 960-6608.

- 80 pieces of rubber flooring for sale $1000 Contact George @ Wheatland Colony (306) 587-2458 Ext. 109

- 16 Waikato milk meters $250 each; 5,000 gallon new Delaval bulk tank, made in U.S.A. $50,000. Contact Corman Holsteins (306) 933-4608

- 2002 Tubeline Bale Wrapper and a dismantled 25/90 Harvestorg Silo. Call David Slykhuis @ (306) 453-2878 in Carlyle, SK

- 2000 gallon Delaval tank. Call James Hein (306) 365-3209

MILK CONTROL BOARD MEMBERS

Blaine McLeod - Chairman	Phone - (306) 756-2775
Dale Strudwick – Vice-Chair	Dairy producer - (306) 771-4186
Alvin Schultz - member	Dairy producer - (306) 254-4301
Dr. Bob Tyler	Professor - Dept. of Food & Bioproduct Sciences, University of Saskatchewan, Saskatoon

For further information, please contact the Saskatchewan Milk Control Board office.
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